ULVAC,Inc.

FY2026 Q3 Web Earnings Briefing (Held on May 12, 2026)
Key Q&A from the Briefing and Analyst Meetings

【Q3 Earnings Summary / Full-Year Forecast】

1. Please provide details on the Q3 results for orders received, net sales, and each profit line item.

A: Driven by concentrated investment in mature-node MHM (Metal Hard Mask) processes for logic and the full-scale commencement of rare-earth-related orders, Q3 orders received reached ¥99.1 billion, bringing the Q3 cumulative (9 months) total to ¥236.2 billion—record highs for both a single quarter and the 9-months-period. Q3 net sales remained at a high level of ¥65.5 billion, supported by a QoQ increase in the Semiconductor & Electronics segment. Q3 gross profit margin also improved by 2.9 percentage points QoQ to 32%, reflecting a higher sales mix from Semiconductor & Electronics. On the other hand, due to one-time factors such as EV-related expense recognition, Q3 operating profit margin was 9.2%, showing only limited improvement from Q2.

2. How has the business environment changed compared to three months ago?

A: Orders in AI-related businesses—namely logic, memory, and packaging—have continued to increase. In addition, display, general industrial, and materials segments have also trended above expectations. Overall, business conditions have shifted to a stronger trajectory compared to three months ago.

3. Please explain the revision to the earnings forecast.

A: The full-year orders forecast has been revised upward by ¥30.0 billion from the previous forecast to ¥310.0 billion, a record-high level. While orders have increased significantly from last year's ¥225.6 billion to this year's ¥310.0 billion, net sales are expected to reach ¥260.0 billion (up ¥10.0 billion from the previous forecast) due to the time lag between order received and revenue recognition. We aim to drive sales and profit growth next fiscal year, supported by the strong order momentum.

Meanwhile, operating profit has been revised downward to ¥19.0 billion due to one-time factors including EV-related expenses. Ordinary profit has also been revised to ¥19.0 billion in line with the decline in operating profit. Net income is forecast at ¥18.5 billion, reflecting extraordinary gains from sales of subsidiary and extraordinary losses from business restructuring.

4. Please provide details on the one-time factors. How are they recognized in Q3 and 4Q?

A: The total one-time expenses of ¥5.8 billion are allocated as follows: approximately ¥2.3 billion was recognized in Q3, primarily as allowance for doubtful accounts under SG&A for EV-related expenses, and approximately ¥3.5 billion is expected to be recognized in Q4 under cost of sales as additional cost provisions.

<One-Time Factors>

1. **Revenue timing shift (Semiconductor): ¥1.4 billion** — A large acceptance-based project was deferred from Q4 to the next fiscal year due to customer-side factors.
2. **EV-related expenses: ¥3.7 billion** — Comprising allowance for doubtful accounts and additional cost provisions.
3. **Quality verification remediation: ¥0.7 billion** — Recovery costs related to inspection equipment issues in the Materials business.

【Investment Trends】

5. Please describe the investment trends and outlook for semiconductors (logic and memory).

A: Logic

Q3 logic orders were strong at approximately ¥15.0 billion. With expectations for major Chinese customers and Taiwanese foundries, the full-year plan has been significantly increased from the initial forecast to approximately ¥31.0 billion. Leveraging our strength in stress-controlled film technology, we have established an overwhelming share in MHM for mature nodes, achieving de facto standard status. With investment plans for the next phase already in place, we expect high-level business to continue.

Memory (DRAM / NAND)

For DRAM, orders from North American customers increased in H2, and we project full-year orders of approximately ¥23.0 billion, exceeding the initial plan. NAND investment for next-generation devices also continues. Overall memory orders are expected to exceed ¥30.0 billion, exceeding the initial plan. Building on our POR (Process of Record) track record in metal film processes, adoption has continued through device generation transitions and expanded to new fabs, driving order growth. Going forward, we anticipate further growth driven by expanding equipment demand accompanying capacity expansions at major memory manufacturers.

5. What are the investment trends in packaging?

A: Orders for ashing equipment have been strong due to increased packaging production driven by rising GPU demand, and the full-year plan has been raised to the ¥20.0 billion level. In addition to WLP (Wafer-Level Packaging) ashing equipment, we anticipate contributions from PLP (Panel-Level Packaging) investments (approximately ¥4.0–5.0 billion in scale) for Taiwanese OSATs and Japanese manufacturers. Leveraging our strength in fine plasma technology, we are achieving de facto standard status in the descum process. We expect continued investment tied to capacity expansion, and we are proactively capturing PLP-related business opportunities in this growing market.

6. What are the investment trends in power devices and opto-devices?

A: Power Devices

Investment timing has been pushed back due to weakening demand tone in the Chinese market, and orders have been trending below initial expectations. Softness is expected to persist for the time being. In response, we are strengthening market development in new materials, including technology for next-generation gallium nitride (GaN) power devices, to drive a recovery.

Opto-Devices

We initially anticipated a large AR/VR-related project in the Chinese market at the beginning of the year. However, prioritizing profitability, we decided to selectively accept only high-margin projects such as sputtering equipment that only ULVAC can provide. As a result, the initial order plan of approximately ¥16.0 billion has been revised down to approximately ¥6.0 billion.

7. What are the investment trends in display and energy?

A: Unplanned orders materialized, including new line investments for G8-size OLED from Chinese manufacturers and additional LCD equipment investment projects. The full-year outlook has been raised to ¥70.0 billion, up ¥30.0 billion from the initial plan. While profitability is structurally lower compared to Semiconductor & Electronics, margins have been improving relative to past projects.

Our policy regarding the display business remains unchanged: we will continue shifting resources toward Semiconductor & Electronics while consolidating display-related production in China to optimize production efficiency and further improve profit margins.

8. What are the investment trends in the rare-earth magnet business (General Industrial)?

A: Orders centered on the U.S. increased in Q3, and production expansion driven by supply chain diversification is gaining full momentum. While the General Industrial segment has historically maintained orders at around ¥20.0 billion, by capturing strong demand for rare-earth magnets and related products, we expect orders to stabilize at the ¥35.0–45.0 billion level over the next 3–5 years. Furthermore, the equipment in this segment is a high-margin product based on existing technologies and is expected to make a significant contribution to profits.

【Value-Up Plan (Business Reform / Production Reform), etc. 】

9. Please provide an update on the progress of business reform and production reform.

A: **Business Reform**

Regarding the Materials business (display-related)—one of the major initiatives for this fiscal year—we plan to complete the transfer of equity interests in the core subsidiary between May and June. As a result, by the end of this fiscal year, we expect to have completed the deconsolidation of four companies, generating transfer gains of approximately ¥8.0 billion. Progress on workforce optimization is expected to reach approximately 40%. Overall, business reform is proceeding on plan.

Production Reform

Production reform initiatives are also delivering early results in the first year of the Value-Up Plan.

Variable costs are expected to be reduced by approximately ¥1.0 billion. Design lead time has been reduced by approximately 20% against the final target of a 70% reduction by FY ending June 2031, representing roughly 30% progress toward the ultimate goal.

Going forward, we will steadily implement production reform measures while accelerating the expansion of modular-design equipment in Semiconductor & Electronics and the consolidation of manufacturing sites. We will more aggressively pursue variable and fixed cost reductions to achieve accelerated profit improvement from FY ending June 2028 onward.

10 Are there any impacts from external factors such as tariffs or geopolitical risks?

A: Regarding tariffs, we generally apply a buyer-bears-cost approach, so the direct impact of tariffs is limited. We will continue to monitor indirect impacts from any slowdown in end demand. At this point, there have been no notable changes in customer orders.

There is no direct impact from the situation in the Middle East. However, uncertainty is increasing regarding the smooth procurement of rare earths and other materials from China.

【Outlook for FY ending June 2027】

11. What is the guidance level for next fiscal year (FY ending June 2027)?

A: Orders this fiscal year are strong, and contributions to sales and profits are expected heading into next fiscal year. However, considering:

1. The reduction in sales and profits from business reform (an estimated decline of approximately ¥30.0 billion in sales), and
2. Production adjustments due to concentrated orders, as well as concerns over extended equipment lead times caused by difficulties in procuring components amid geopolitical risks,

we are continuing to scrutinize the figures for next fiscal year at this time.

12 What is the outlook for profit margin improvement in FY ending June 2027?

A: Increased orders in high-margin businesses such as semiconductors and rare-earth-related products are expected to contribute to profit margin improvement next fiscal year. In addition, the profit margin improvement effect from business reform is expected to materialize gradually, supporting overall margin expansion.

On the other hand, there are headwinds including the loss of initially anticipated high-margin power device orders, margin dilution from higher-than-planned display-related orders, production adjustments due to the concentration of semiconductor and rare-earth-related orders, and concerns over extended equipment lead times caused by material procurement difficulties amid geopolitical risks.

Taking these factors into account, we believe profit margin improvement will inevitably be gradual.